

TIPS FOR RUNNING A FINANCIALLY SOUND PROGRAM

GENERAL TIPS

- 1) The foodservice standard is 40% for food/paper/cleaning supplies, 40% for labor/benefits, and 20% for other expenses. **This is of expected revenues.** Expenses by category can exceed the standard percentage, but should not exceed 100% of revenues.
- 2) Visit other school districts for ideas on menus and cost containment. This includes school districts with foodservice management companies.
- 3) Project your annual labor and benefits costs based on the hours worked by each employee and their benefit costs. Project food and supplies at 40% of revenues and based on current year expenses. Other costs include capital equipment, mileage, repairs, actual cost basis utilities, and indirect cost.
- 4) Ideally the average paid student prices should be equal to the free reimbursement minus the paid student reimbursement rate. Meal reimbursement rates increase about 2% per year. This year the paid student meal price would be:

EXAMPLE \$2.24 free lunch reimbursement
 -.21 paid lunch reimbursement
 \$2.03 average lunch price for full price

Free reimbursement is paying for full price meals if the average lunch price is less than \$2.03. Raise prices slowly and often to maintain a positive operating balance.

Adult meal prices must be at least the free reimbursement rate plus \$.1725 for commodity entitlement and 5% for sales tax or \$2.55 for the current school year.

IF EXPENSES ARE GREATER THAN REVENUES, YOU CAN:

- 1) Decrease the cost of food and supplies by bidding individually or joining a local food purchasing co-op with other school districts. Keep inventory at a minimum and your money earning interest in the bank. Use all the USDA commodities available to your district.
- 2) Eliminate seconds, decrease leftovers and monitor portion control by using standardized serving utensils. Offer choices to increase participation and offer vs. serve to reduce waste.
- 3) Increase breakfast and lunch participation to increase labor efficiency. Decrease labor hours and benefits if needed. See page 8-12 of the Idaho School Food Service Manual for guidance on meals per labor hour computations.
- 4) Increase revenue through price increases, increased sales of accurately priced food; i.e., catering, a la carte, snacks for athletes' practices, sack meals for athletes on game day, concession, etc.
- 5) Start a breakfast program if you do not currently have one. Increase breakfast participation by promoting breakfast as a way to increase student test scores and better classroom behavior. Make it a simple menu and do not increase labor hours unless absolutely necessary.

- 6) Increase participation and sales without increasing labor through marketing and promotion of your meals in the classroom with no or low cost events; such as, classrooms design a menu and promote it throughout the school with a prize to the classroom that has the highest participation, appetizingly name your menu items and distribute the menus, serve food prepared in a quality manner, super-size high school meals for an additional cost, etc.
- 7) Ensure that the FICA/PERSI for food service employees is paid by the school district General Fund as required by Idaho Code 33-1015.
- 8) Ensure interest on school lunch funds accrues to the school lunch account.

Consult the Idaho Financial Management Manual for budgeting and management evaluation computations. All expenditures paid from the 290 Child Nutrition Program fund must be for documented and allowable costs for production and serving of meals to children.